

BEFORE THE ILLINOIS COMMERCE COMMISSION

In re: Application of dPi-Teleconnect, L.L.C. for
 Authority to Operate as a Reseller of Local and
 Interexchange Telecommunications Services Within
 the State of Illinois.

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Docket No.

00-2269

CHIEF CLERK'S OFFICE

Apr 4 10 05 AM '00

ILLINOIS
COMMERCE COMMISSION

**PRE-FILED DIRECT TESTIMONY OF
 DAVID M. PIKOFF ON BEHALF
 OF DPI-TELECONNECT, L.L.C.**

Q1. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is David M. Pikoff, 2997 LBJ Frwy., Suite 225, Dallas, Tx 75234.

Q2. BY WHOM AND IN WHAT CAPACITY ARE YOU EMPLOYED?

A. I am the Vice-President of dPi-Teleconnect, L.L.C. ("dPi"). I am responsible for the day to day operations of dPi-Teleconnect, L.L.C.

Q3. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND
 WORK EXPERIENCE:

I am one of the founders of dPi-Teleconnect, L.L.C.. Prior to dPi-Teleconnect, I was President of U.S. Telco, based in Dallas, Tx., a prepaid "reseller" with revenues of over \$400,000/month. I founded U.S. Telco in 1995, and incorporated it in 1996. As President of U.S. Telco, I developed the operating system that drives the initial operations of dPi. After successfully guiding U.S. Telco through an acquisition by one of its competitors, I

OFFICIAL FILE

I.C.C. DOCKET NO.

00-0269

Exhibit No.

Witness

Date

Reporter

1 accepted a position as General Manager with Tel Com Plus based in Clearwater, Florida.

2 While there, I expanded the operations to span over an eight state area in addition to
3 automating operating systems and significantly reducing the work force.

4 I earned a Business Degree in Marketing from St. Edwards University in Austin, Tx.
5

6 Q4. PLEASE DESCRIBE THE COMPANY'S CORPORATE STRUCTURE.

7 A. dPi-Teleconnect, L.L.C. is a limited liability company organized under the laws of the State
8 of Delaware.
9

10 Q5. HAVE YOU PREVIOUSLY FILED TESTIMONY BEFORE THIS COMMISSION?

11 A. Yes.
12

13 Q6. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

14 A. The purpose of my testimony is to support the Application of dPi-Teleconnect, L.L.C. to
15 provide resold telecommunications services in Illinois.
16

17 Q7. EXPLAIN BRIEFLY THE TYPES OF SERVICES THAT DPI-TELECONNECT, L.L.C.
18 PROPOSES TO OFFER .

19 A. dPi-Teleconnect proposes to provide resold local and interexchange telecommunications
20 services in all areas of the State served by Illinois Bell, GTE and United. dPi will provide

1 local services that are available for resale by the underlying incumbent local exchange
2 carriers. dPi will also offer certain resold interexchange services, including debit cards and
3 800 service.
4

5 Q8. HAS DPI-TELECONNECT, L.L.C. RECEIVED AUTHORITY FROM THE STATE OF
6 ILLINOIS TO TRANSACT BUSINESS IN THE STATE?

7 A. Yes. Attached hereto as Exhibit "A" is a copy of our Certificate of Authority
8 to Transact Business in Illinois.
9

10 Q9. WOULD YOU PLEASE DESCRIBE YOUR COMPANY'S TECHNICAL EXPERTISE
11 TO PROVIDE THE PROPOSED RESOLD LOCAL SERVICES WITHIN THE STATE OF
12 ILLINOIS.

13 A. dPi-Teleconnect's management team is composed of individuals who, collectively, have
14 more than 20 years of experience in the telecommunications industry. Our management team
15 includes: myself, David Dorwart and Jason Pick. Their qualifications are attached as Exhibit
16 "B". dPi will maintain a customer service department in its corporate headquarters in Dallas,
17 Texas. Its Customer Service staff, will be available via an 800 number, 24 hours a day,
18 seven days a week. dPi will interface directly with the ILECs whose service it resells.
19 Service from the central office to the demarcation point is maintain by the ILEC's. When
20 available, dPi will contract with the ILEC or another qualified interconnect company to

1 provide inside wire maintenance services. To date, dPi has been successful in negotiating
2 inside wire maintenance agreements with all of the ILECs whose services it resells.
3

4 Q10. DESCRIBE DPI-TELECONNECT, L.L.C.'S FINANCIAL ABILITY TO PROVIDE THE
5 PROPOSED SERVICES.

6 A. dPi has provided a copy of its most recent unaudited financial statements. dPi has access to
7 additional capital if necessary to fund its operations.
8

9 Q11. WHAT IS DPI-TELECONNECT, L.L.C.'S PROPOSED SERVICE AREA?

10 A. dPi is requesting authority to provide services throughout the State of Illinois in those areas
11 currently served by Illinois Bell, GTE North, and United Telephone Company.
12

13 Q12. IS DPI-TELECONNECT, L.L.C. REQUESTING ANY WAIVERS AND/OR DELETIONS
14 OF THIS COMMISSION'S JURISDICTION?

15 A. Yes. dPi is requesting that the Commission waive pursuant to 83 Ill. Adm. Code 250.20
16 requiring it to maintain its records in the State of Illinois; the rule requiring utilities to file
17 service area maps with the Commission; and the 83 Ill. Adm. Code 710.18 requiring the use
18 of the uniform system of accounts.
19

1 Q13. WHERE ARE YOU REQUESTING THAT DPI-TELECONNECT, L.L.C. BE ALLOWED
2 TO MAINTAIN ITS RECORDS?

3 A. Within its corporate offices in Dallas, Texas. dPi will agree to make those records available
4 at any time to anyone designated by this Commission and will pay the out of pocket
5 expenses related to travel to review those records on behalf of the Commission.
6

7 Q14. WHY IS DPI-TELECONNECT, L.L.C. REQUESTING THAT THE COMMISSION
8 WAIVE THE REQUIREMENTS TO FILE SERVICE AREA MAPS?

9 A. dPi proposes to resale the services of the incumbent local exchange companies, Illinois Bell,
10 GTE North and United Telephone Company. dPi does not propose to enlarge or expand any
11 calling scope or vary in any way the underlying services provided by those companies. dPi
12 would agree to file maps in the event its service areas no longer correlate with those of the
13 incumbent LECs. dPi will maintain as part of its tariffs the list of exchanges in which it is
14 providing resold services.
15

16 Q15. IS DPI-TELECONNECT REQUESTING A WAIVER OF THE REQUIREMENT TO USE
17 THE UNIFORM SYSTEM OF ACCOUNTS.

18 A. dPi maintains its books and records under general accepting accounting principles. dPi does
19 not have any facilities of its own and does not interconnect with any other company. The
20 financial statements are audited and would more appropriately be maintained under general

1 accepted accounting principles. The Commission has accepted the maintaining of books and
2 records in accordance with general accepted accounting principles in other IURC and OUCC
3 petitions.
4

5 Q16. HOW DOES DPI-TELECONNECT, L.L.C. PROPOSE TO PROVIDE LOCAL SERVICE
6 WITHIN THE STATE OF ILLINOIS?

7 A. dPi proposes to provide local service on a pre-paid basis. dPi will engage in mass
8 advertising to notify Illinois residents that its services are available. No direct sales force
9 will be utilized. Customers will come to the agent's location if they wish to acquire local
10 service from dPi. Interested customers will pay up front the cost of the local service plus the
11 applicable installation charges. In addition, dPi will be selling certain types of pre-paid long
12 distance including debit cards.
13

14 Q17. WILL DPI-TELECONNECT, L.L.C. PROVIDE OPERATOR SERVICES AND ANY 911
15 SERVICES?

16 A. No. dPi will be reselling the services of the ILEC's. All its customers will have access to
17 the existing operator services of those ILECs as well as 911 services. There should be no
18 degradation and/or change in the quality of service provided by the incumbent LECs when
19 the services are resold by dPi.
20

1 Q18. ARE YOU PREPARED TO FILE TARIFFS AND OTHERWISE COMPLY
2 WITH THE RULES OF THE COMMISSION APPLICABLE TO COMPANIES
3 PROVIDING TELECOMMUNICATIONS SERVICES?

4 A. Yes, however dPi is requesting relaxed regulation and asks that the Commission waive its
5 traditional tariff requirements and allow dPi to file informational tariffs containing generally
6 available, rates, terms and conditions.

7
8 Q19. HOW DO CUSTOMERS INQUIRE ABOUT THEIR BILLS FOR DPI-TELECONNECT,
9 L.L.C.'S SERVICES?

10 A. Customers can inquire about their bills and other services by dialing the company's toll-free
11 customer service number, which is available in either English or Spanish.

12
13 Q20. HOW WILL DPI-TELECONNECT, L.L.C.'S ENTRY INTO THE LOCAL EXCHANGE
14 MARKET BENEFIT OR OTHERWISE ADVANCE THE PUBLIC CONVENIENCE AND
15 NECESSITY?

16 A. dPi's entry into the local exchange market in Illinois will provide consumers with a choice.
17 Consumers will not have to purchase dPi's services since dPi is not the carrier of last resort.
18 dPi will provide flat rated local exchange services in a manner that is different than that of
19 the ILECs. Its customers will consist of those who are currently off the ILECs network for
20 one reason or another, including nonpayment, college students, individuals who do not plan

1 to be in the state for long periods of time, and those who wish to have an exact budget
2 amount for their utility service each month. dPi will provide Illinois consumers with a choice
3 not only as to who provides them with local service but how that local service is provided.
4

5 Q21. WILL DPI-TELECONNECT, L.L.C. OFFER DIRECTORY LISTINGS.

6 A. Yes, dPi will contract with the ILECs to provide its customers with directory listings
7 as well as the distribution of directories.
8

9 Q22. WILL CUSTOMERS HAVE THE ABILITY TO SIGN UP WITH ANY LONG DISTANCE
10 COMPANY THEY CHOOSE?

11 A. Yes.
12

13 Q23. WILL CUSTOMERS HAVE THE ABILITY TO USE DIAL AROUND LONG DISTANCE
14 COMPANIES?

15 A. No.
16

17 Q24. DOES THE COMPANY HAVE INTEREXCHANGE AUTHORITY IN ILLINOIS? IF
18 YES, PLEASE PROVIDE THE DOCKET NUMBER.

19 A. No.
20

1 Q25. WILL CUSTOMERS HAVE ACCESS TO THE ILLINOIS RELAY SERVICE?

2 A Yes.

3

4 Q26. WILL CUSTOMERS BE ABLE TO MAKE 1-800 CALLS FOR FREE?

5 A. Yes.

6

7 Q27. WILL THE COMPANY OFFER OPERATOR SERVICES?

8 A. Yes.

9

10 Q28. PLEASE DESCRIBE HOW YOU PLAN TO COLLECT THE MONTHLY FEE TO BE
11 PAID IN ADVANCE.

12 A. Customers will go to any one of dPi's agent locations and make their payment.

13

14 Q29. WILL CUSTOMERS' BILLS SHOW A BREAKDOWN OF SERVICES, FEATURES,
15 SURCHARGES, TAXES, ETC.

16 A. Yes.

17

18 Q30. WILL CUSTOMERS GET A RECEIPT WHEN PAYING THE MONTHLY FEE?

19 A. Yes.

10

1 Q31. WILL CUSTOMERS PAY AN INSTALLATION FEE? IF YES, WILL PAYMENT
2 ARRANGEMENTS BE OFFERED FOR THE INSTALLATION FEE?

3 A. Yes, no customer must pay up front the total cost.
4

5 Q32. WILL TELEPHONE SERVICE BE IN THE COMPANY'S NAME OR THE
6 CUSTOMER'S NAME. IF IN THE COMPANY NAME HOW WILL INFORMATION
7 APPEAR IN DATA BASES, SUCH AS 9-1-1, DIRECTORY ASSISTANCE, ETC.

8 A. dPi is a certificated local exchange company and resells ILEC services, services are in the
9 name of the actual end-user.
10

11 Q33. WILL SERVICE BE OFFERED TO THE GENERAL PUBLIC?

12 A. Yes.
13

14 Q34. DOES THE USER RECEIVE A WARNING TONE WHEN THE REMAINING VALUE
15 OF SERVICE IS ABOUT TO CEASE? HOW MUCH NOTICE TIME IS GIVEN? IF THE
16 CUSTOMER IS IN THE MIDDLE OF A CALL WILL THEY BE DISCONNECTED?
17 HAS THE CUSTOMER BEEN MADE AWARE OF POTENTIALLY BEING
18 DISCONNECTED DURING A CALL?

1 A. Not applicable. dPi only provisions prepaid services in areas where it acquires services
2 from the ILEC on a flat rate basis. dPi does not propose to provide any sort of usage sensitive
3 debit service at this time.

4

5 Q35. WHEN DOES THE TIMING OF A CALL START?

6 A. When a called party answers.

7

8 Q36. IF THE PERSON CALLED DOES NOT ANSWER, IS ANY TIME DEDUCTED FROM
9 THE CUSTOMER'S ACCOUNT?

10 A. No.

11

12 Q37. WILL THERE BE ANY OTHER INSTANCES IN WHICH THE COMPANY WOULD
13 DISCONNECT A CUSTOMER, OTHER THAN RUNNING OUT OF PREPAID TIME?

14 A. Yes, for nonpayment or if the customer is using the telephone for illegal or fraudulent
15 purposes.

16

17 Q38. WHEN A CUSTOMER RUNS OUT OF TIME IS THEIR PHONE IMMEDIATELY
18 DISCONNECTED OR ON SUSPENSION? WILL THEY STILL BE ABLE TO RECEIVE
19 CALLS?

14 A. dPi will attempt to resolve any complaints through its customer service department and will
15 provide call details to the customer if necessary to resolve any complaints.

16

17 Q42. THE PUBLIC UTILITIES ACT REQUIRES A LOCAL CALLING AREA THAT HAS NO
18 TIME OR DURATION CHARGES. HOW WILL THE COMPANY DEFINE EACH
19 CUSTOMER'S UNTIMED LOCAL CALLING AREA?

20 A. As a reseller, dPi's calling area will be the same as that of the ILEC.

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15 purposes.
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17 Q38. WHEN A CUSTOMER RUNS OUT OF TIME IS THEIR PHONE IMMEDIATELY
18 DISCONNECTED OR ON SUSPENSION? WILL THEY STILL BE ABLE TO RECEIVE
19 CALLS?

12

1 A. A customer's telephone is suspended or disconnection and not able to receive any telephone
2 calls.

3
4 Q39. ARE THE COMPANY'S SERVICES AVAILABLE TO TTY CALLERS?

5 A. Yes.

6
7 Q40. WILL CUSTOMERS BE MADE AWARE OF DISPUTE PROCEDURES AND THEIR
8 ABILITY TO COME TO THE ILLINOIS COMMERCE COMMISSION FOR
9 ASSISTANCE?

10 A. Yes.

11
12 Q41. HOW WILL THE COMPANY HANDLE A COMPLAINT FROM A CUSTOMER WHO
13 DISPUTES THE AMOUNT OF TIME USED OR REMAINING?

14 A. dPi will attempt to resolve any complaints through its customer service department and will
15 provide call details to the customer if necessary to resolve any complaints.

16
17 Q42. THE PUBLIC UTILITIES ACT REQUIRES A LOCAL CALLING AREA THAT HAS NO
18 TIME OR DURATION CHARGES. HOW WILL THE COMPANY DEFINE EACH
19 CUSTOMER'S UNTIMED LOCAL CALLING AREA?

20 A. As a reseller, dPi's calling area will be the same as that of the ILEC.

13

1

2 Q43. HAS YOUR COMPANY MADE ARRANGEMENTS WITH THE INCUMBENT LOCAL
3 EXCHANGE COMPANY TO COLLECT AND TRANSITION THE ITAC MONTHLY
4 LINE CHARGE?

5 A. No.

6

7 Q44. WILL YOUR COMPANY SOLICIT, COLLECT AND REMIT TO UTAC THE
8 VOLUNTARY CONTRIBUTIONS THAT SUPPORT THE UNIVERSAL TELEPHONE
9 ASSISTANCE PROGRAM?

10 A. Yes.

11

12 Q45. PLEASE PROVIDE THE NAME, ADDRESS, TELEPHONE AND FAX NUMBER OF
13 THE 911 CONTRACT PERSON FOR YOUR COMPANY.

14 A. David M. Pikoff
15 dPi-Teleconnect, L.L.C.
16 2997 LBJ Frwy., Suite 225
17 Dallas, Tx 75234
18 (972) 488-5500
19 (972) 488-8636 (Fax)
20

21 Q46. WILL YOUR COMPANY ENSURE THAT 911 TRAFFIC IS HANDLED IN
22 ACCORDANCE WITH THE 83 ILLINOIS ADMINISTRATIVE CODE PART 725 AND
23 THE EMERGENCY TELEPHONE SYSTEM ACT?

14

1 A. Yes.

2

3 Q47. WILL YOUR COMPANY CONTACT AND ESTABLISH A WORKING RELATIONSHIP
4 WITH THE 911 SYSTEMS WHEN YOU BEGIN TO PROVIDE LOCAL TELEPHONE
5 SERVICE?

6 A. Yes.

7

8 Q48. WILL YOUR COMPANY COORDINATE WITH THE INCUMBENT LEC(S) AND
9 LOCAL 911 SYSTEMS TO PROVIDE TRANSPARENT SERVICE FOR YOUR LOCAL
10 EXCHANGE CUSTOMERS?

11 A. Yes.

12

13 Q49. WHO WILL BE RESPONSIBLE FOR BUILDING AND MAINTAINING THE 911
14 DATABASE FOR YOUR LOCAL EXCHANGE CUSTOMERS?

15 A. ILEC.

16

17 Q50. HOW OFTEN WILL YOUR COMPANY UPDATE THE 911 DATABASE WITH
18 CUSTOMER INFORMATION?

19 A. Daily.

15

1 Q51. WILL YOUR COMPANY'S BILLING SYSTEM HAVE THE ABILITY TO
2 DISTINGUISH BETWEEN FACILITIES BASED AND RESALE FOR THE
3 COLLECTION OF THE 911 SURCHARGE?

4 A. No, all services will be resold.
5

6 Q52. DOES YOUR COMPANY HAVE PROCEDURES FOR THE TRANSITIONING OF THE
7 911 SURCHARGE COLLECTION AND DISBURSEMENT TO THE LOCAL 911
8 SYSTEM?

9 A. No.
10

11 Q53. WILL YOUR COMPANY'S PROPOSAL REQUIRE ANY NETWORK CHANGES TO
12 ANY OF THE 911 SYSTEMS?

13 A. No.
14

15 Q54. WILL APPLICANT MAINTAIN ITS RECORDS IN SUFFICIENT DETAIL TO
16 FACILITATE THE CALCULATION OF ALL APPLICABLE TAXES?

17 A. Yes.
18

19 Q55. DOES THE ACCOUNTING SYSTEM CURRENTLY IN USE BY APPLICANT
20 PROVIDE SUFFICIENTLY DETAILED DATA FOR THE PREPARATION OF ILLINOIS

1 GROSS RECEIPTS TAX RETURNS? WHAT SPECIFIC ACCOUNTS OR SUB-
2 ACCOUNTS PROVIDE THIS DATA?

3 A. Yes.

4
5 Q56. IF A WAIVER OF PART 710 IS GRANTED, WILL APPLICANT PROVIDE ANNUAL
6 AUDITED STATEMENTS OR ALL PERIODS SUBSEQUENT TO GRANTING OF THE
7 WAIVER?

8 A. Yes.

9
10 Q57. DOES APPLICANT AGREE THAT THE REQUESTED WAIVER OF PART 710 WILL
11 NOT EXCUSE IT FROM COMPLIANCE WITH FUTURE COMMISSION RULES OR
12 AMENDMENTS TO PART 710 OTHERWISE APPLICABLE TO THE COMPANY?

13 A. Yes.

14
15 Q58. DOES THIS CONCLUDE YOUR TESTIMONY?

16 A. Yes, at this time.

17

18